Manitoba

**Office of the Provincial Auditor**

# THE PUBLIC TRUSTEE OF MANITOBA

Auditor's Report and Financial Statements
for the year ended March 31, 1990

91-06456/

**Office of**
**the Provincial Auditor**

905 - 386 Broadway
Winnipeg, Manitoba, CANADA
R3C 3R6

# REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of estates and trusts under administration of the Public Trustee of Manitoba as at March 31, 1990 and the Statement of cash receipts and disbursements for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the estates and trusts under administration of the Public Trustee as at March 31, 1990 and the cash receipts and disbursements for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

February 18, 1991,
Winnipeg, Manitoba

F. H. Jackson, CA
Provincial Auditor

EXHIBIT A

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Balance Sheet of estates and trusts
under administration
as at March 31, 1990
(with 1989 figures for comparison)

| A S S E T S | 1990 | 1989 |
|---|---|---|
| Investments - common fund (Notes 2(a) and 6) | $ 86,696,028 | $ 77,578,278 |
| - specific estates and trusts (Note 7) | 17,398,900 | 14,086,629 |
| Annuity contracts (Note 2(c)) | 413 | 382 |
| Accrued interest receivable on common fund investments (Note 2(a)) | 2,316,318 | 2,238,176 |
| Receivable from the Government of the Province of Manitoba (Note 9) | 592,885 | 603,879 |
| Accounts receivable (Note 2(d)) | 111,996 | 113,022 |
| Rentals receivable (Note 2(d)) | 6,573 | 6,554 |
| Notes receivable, principal (Note 2(e)) | 136,296 | 162,858 |
| Mortgages and agreements receivable (Note 2(e)) | 138,229 | 126,639 |
| Interests in other estates (Note 2(f)) | 2,408 | 2,915 |
| Real estate (Note 2(g)) | 5,987,331 | 5,485,604 |
| | $ 113,387,377 | $ 100,404,936 |

| L I A B I L I T I E S | | |
|---|---|---|
| Cheques issued in excess of funds on deposit | $ 43,410 | $ 169,449 |
| Mortgages, notes and agreements payable (Note 2(h)) | 19,775 | 2 |
| Public Trustee - Fees payable (Note 3) | 72,829 | 69,030 |
| - Expenditures payable (Note 2(i)) | 63,418 | 22,032 |
| | 199,432 | 260,513 |
| Estates and trusts under administration: (Note 2) | | |
| Excess of recorded value of assets over liabilities | | |
| The Mental Health Act | 81,795,055 | 69,453,952 |
| The Public Trustee Act | 31,392,890 | 30,690,471 |
| | $ 113,387,377 | $ 100,404,936 |

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Statement of Cash Receipts and Disbursements
for the year ended March 31, 1990
(with 1989 figures for comparison)

## R E C E I P T S

| | 1990 | 1989 |
|---|---|---|
| Funds held by estates and trusts brought under administration | $ 9,705,273 | $ 8,655,858 |
| Realization of equities in other estates | 1,690,571 | 624,653 |
| Pensions, compensation and assistance | 13,923,505 | 12,417,321 |
| Sickness, disability and other insurance benefits | 1,922,481 | 2,974,924 |
| Collections on account of: | | |
| Accounts receivable | 219,925 | 145,268 |
| Rentals and leases receivable | 184,348 | 143,726 |
| Mortgages and agreements receivable | 36,837 | 35,865 |
| Receivable from the Government of the Province of Manitoba | 98,609 | - |
| | 539,719 | 324,859 |
| Sale of chattels | 240,978 | 125,888 |
| Sale of real estate | 1,800,861 | 2,247,484 |
| Interest - bonds and investment certificates | 11,633,417 | 9,762,105 |
| Dividends | 145,070 | 73,080 |
| Bank interest | 84,144 | 104,967 |
| Total receipts, before sale or redemption of securities | 41,686,019 | 37,311,139 |
| Sale and redemption of securities | 76,787,986 | 52,930,427 |
| Cash on hand and in bank at beginning of year | - | 830,925 |
| Cheques issued in excess of funds on deposit at beginning of year | (169,449) | - |
| | $ 118,304,556 | $ 91,072,491 |

EXHIBIT B

## D I S B U R S E M E N T S

| | 1990 | 1989 |
|---|---|---|
| Payments on account of: | | |
| Accounts payable discharged | $ 101,519 | $ 255,812 |
| Mortgages and agreements payable | 139,602 | 148,541 |
| Real estate purchases | 3,550 | 265,506 |
| | 244,671 | 669,859 |
| Maintenance: | | |
| Board, room and other expenses (Note 4) | 14,602,864 | 13,640,143 |
| Preservation of estates: | | |
| Realty and income taxes | 1,271,097 | 1,346,659 |
| Insurance | 104,704 | 91,930 |
| Repairs | 72,095 | 94,612 |
| Sundry | 758,068 | 805,221 |
| | 2,205,964 | 2,338,422 |
| Support of dependents | 55,710 | 58,717 |
| Administration and passing of accounts (Note 3) | 3,136,848 | 2,505,586 |
| Burial expenses | 736,162 | 753,137 |
| Estates and trusts released from administration | 10,913,947 | 11,568,596 |
| Total disbursements, before purchase of securities | 31,896,166 | 31,534,460 |
| Purchase of securities | 86,451,800 | 59,707,480 |
| Cheques issued in excess of funds on deposit at end of year | (43,410) | (169,449) |
| | $ 118,304,556 | $ 91,072,491 |

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1990

1. Role and Objective

The Public Trustee administers estates of mentally disordered persons, estates of deceased persons, and infant trusts. The Public Trustee is considered to be an appointment of last resort. The Public Trustee provides a public service, generally where there is no other competent or acceptable person available to provide the required service.

2. Significant Accounting Policies

Statement of Cash Receipts and Disbursements

The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the position of estates and trusts under administration on an accrual basis with the following exceptions:

A. Assets

All known assets are included in the Balance Sheet except for chattels, which are accounted for in separate accounting records, and accruals on investment earnings held for specific estates and trusts.

B. Liabilities

Liabilities are only recorded on the Balance Sheet where accounts are due to the Government of the Province of Manitoba, and in respect of mortgages, notes and agreements payable described in Note 2(h).

The net recorded value of the estates and trusts under administration is governed by the valuation criteria described on the Balance Sheet as well as the following evaluation and accounting policies:

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1990

a) Common Fund Investments

Investments of the common fund, established pursuant to Section 11(1) of The Public Trustee Act, are restricted to securities and loans authorized under The Trustee Act. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Interest is accrued on these investments. Earnings are distributed semi-annually to the individual estates and trusts on a pro rata basis.

b) Shares of Capital Stock and Mutual Funds

(i) Mental Health and Infant Trusts

The basis of valuation of shares assumed under administration prior to December 22, 1971 is at Valuation Day prices (market value as at December 22, 1971), except shares for which no Valuation Day price exists. Shares are then recorded at cost, if available, or at a nominal value of $1.

Shares assumed under administration since December 22, 1971 have been recorded at the market value as at the date of assumption or at a nominal value of $1 where market value is not readily available.

All shares purchased by the Public Trustee are recorded at cost.

(ii) Estates of Deceased Persons

Shares forming part of estates of deceased persons assumed under administration have been recorded at the market value as at the date of death. Shares purchased by the Public Trustee are recorded at cost. Where no market value exists, nominal values of $1 are used.

Shares recorded at Valuation Day prices (December 22, 1971), assumed under administration since December 22, 1971, and purchased by the Public Trustee, amount to $2,522,038 (1989 - $1,714,419), with the balance of the account representing share certificates of a nominal value of $1 each.

c) Annuity Contracts

This account is represented by receivables recorded at a nominal value of $1 each.

d) Accounts Receivable and Rentals Receivable

Determinable accounts receivable and rental receivable amount to $117,862 at March 31, 1990 (1989 - $118,896), with the balance of the account represented by accounts and rentals receivables recorded at a nominal value of $1 each.

e) Notes, Mortgages and Agreements Receivable

Notes, mortgages and agreements receivable reflect the amount of principal and interest due and unpaid at the time each estate was brought under administration, less any payments subsequently received. Interest due and accrued during administration is recorded on a cash basis.

f) Interests in Other Estates

Determinable interests in other estates amounts to $2,343 at March 31, 1990 (1989 - $2,855), with the balance of the account represented by interests in other estates recorded at a nominal value of $1 each.

g) Real Estate

Real estate is valued at estimated market value and amounts to $5,987,005 at March 31, 1990 (1989 - $5,485,294), the balance of the account, represented by burial plots, mines and mineral rights and mobile homes are recorded at a nominal value of $1 each.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1990

h) Mortgages, Notes and Agreements Payable

Mortgages, notes and agreements payable are recorded in instances where the possibility exists that payments may be made on account of these liabilities. Interest due and accrued during administration is recorded on a cash basis.

Determinable mortgages, notes and agreements payable amount to $19,771 at March 31, 1990 (1989 - $ - ), with the balance of the account represented by mortgages, notes and agreements payable recorded at a nominal value of $1 each.

i) Expenditures Payable to the Public Trustee

Expenditures payable to the Public Trustee represent disbursements made on behalf of estates or trusts for which funds were not immediately available. These expenditures will be recovered from the estates or trusts concerned by the Public Trustee in due course when funds become available. If funds do not become available, these expenditures are recovered from an appropriation of the Department of Justice, Government of the Province of Manitoba.

3. Administration Fees

Under Section 14 of The Public Trustee Act, the Public Trustee may determine reasonable charges based on the services provided to the estates and trusts under his administration. Charges are made annually on the aforementioned basis to each estate and trust on its anniversary date of enrollment with the Public Trustee, except those estates and trusts which do not have sufficient funds, where the charges are either reduced or not made.

The Government of the Province of Manitoba requested that the total costs of the Public Trustee's Office be fully recovered by means of these administration fees. These fees are remitted to the Government of the Province of Manitoba when funds become available in each estate and trust.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1990

4. Board, Room and Other Expenses

Board, room and other expenses reflect payments made for current general living expenses, which mainly include clothing, comforts, medical and nursing home costs, during periods of supervision, probation and hospitalization.

5. Administration Costs

Administration costs of the Public Trustee are paid out of appropriations of the Government of the Province of Manitoba and are not reflected in these financial statements. Where appropriate, these costs are recovered from estates and trusts in a manner as explained in Note 3.

6. Investments - Common Fund

| | 1990 | 1990 | 1989 |
|---|---|---|---|
| | Par Value | Book Value | |
| Term deposits and investment certificates | $18,400,000 | $18,400,000 | $ 2,800,000 |
| Government of Canada bonds | 53,575,000 | 57,061,975 | 50,879,462 |
| Province of British Columbia bonds | - | - | 2,028,632 |
| Province of Manitoba bonds | 200,000 | 199,563 | 199,475 |
| Province of Quebec bonds | 1,000,000 | 998,274 | 997,536 |
| Ontario Hydro-Electric bonds | 9,000,000 | 9,036,216 | 20,673,173 |
| Federal Business Development Bank | 1,000,000 | 1,000,000 | - |
| | $83,175,000 | $86,696,028 | $77,578,278 |

7. Investments - Specific Estates and Trusts

| | 1990 | 1989 |
|---|---|---|
| Term deposits, investment certificates and treasury bills, at par value | $ 6,322,547 | $ 4,753,090 |
| Government of Canada and other bonds, at par value | 8,554,199 | 7,619,048 |
| Shares of capital stock and mutual funds (Note 2(b)) | 2,522,154 | 1,714,491 |
| | $17,398,900 | $14,086,629 |

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba

Notes to Financial Statements
March 31, 1990

8. Statutory Fees and Costs

Under Section 3(3) and Section 4 of The Public Trustee Act and Section 12 of The Infants' Estates Act, the Public Trustee provides legal services for estates and trusts not under his administration. Fees and court awarded costs collected and remitted to the Government of the Province of Manitoba amounted to $8,958 for the year ended March 31, 1990 (1989 - $10,441). These amounts are not reflected in the financial statements.

9. Allocation of the Amortization of Premiums Paid on Bond Purchases

The amortization of premiums paid on bond purchases was not processed properly in the trust equity accounts, resulting in an overallocation of interest. This matter has been resolved and the active estates and trusts have been charged with the appropriate amount of the amortized premiums paid. Subsequent to March 31, 1990, the Government of the Province of Manitoba has provided funds to reimburse the Common Fund for the portion of the amortized bond premiums pertaining to discharged estates and trusts and to refund fees previously paid on the overallocated interest.